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SUBJECT: SERBIA: TO BRUSSELS OR MOSCOW? SAA AND GAZPROM DEAL
SPOTLIGHT DIVISIONS

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SUMMARY

[¶1.](#) (SBU) Serbia's leaders and media have seized on two pending agreements, the EU Stabilization and Association Agreement (SAA) and a bilateral energy deal with Russia, as symbols of the struggle between political allies turned adversaries to chart the country's direction. President Boris Tadic leads the march toward an SAA signing and onward to Europe, and Prime Minister Vojislav Kostunica heads the camp facing east. Both have made immediate signing of the agreement they champion (and deferral of the other) top campaign issues in the run-up to parliamentary and municipal elections. As a result, May 11 may decide whether Serbia will make cooperation with the EU or with Russia, a national priority. End Summary.

SAA Battle Continues

[¶2.](#) (SBU) The governing coalition between Prime Minister Kostunica's Democratic Party of Serbia (DSS) and President Tadic's Democratic Party (DS) collapsed in March due to differences over EU integration. While Tadic's party had advocated signing a Stabilization and Accession Agreement (SAA) with the EU as soon as possible, Kostunica and the DSS said that signing would be tantamount to approving the EU deployment of its rule of law mission (EULEX) to Kosovo.

[¶3.](#) (U) The parties' differences on an SAA have grown into a major campaign issue for Serbia's May 11 parliamentary and local elections. The DSS has accused the DS of weakness on Kosovo,

and alleged that Tadic's party cares more about joining the EU than keeping Kosovo. Kostunica and his allies have said that Serbia must not sign an SAA unless the EU clearly recognized Serbia's borders to include Kosovo. On April 21, Kostunica said that signing the SAA was "not in Serbia's state interest." Velimir Ilic, leader of DSS coalition partner New Serbia (NS), threatened to recall Tadic from office if he signed an SAA. Kostunica advisor Branislav Ristivojevic questioned the legality of an SAA signed by Tadic, telling the media on April 18 that the signature would be valid only in the eyes of the DS-led coalition and "their friend" EU High Representative Javier Solana. The Radicals and Socialists also oppose signing an SAA on the grounds that signing meant de facto approval of the EU's intention to deploy EULEX to replace the UN Mission in Kosovo (UNMIK) authorized by UNSC Resolution 1244. (Note: Kosovo has been under UN supervision since the NATO bombardment in 1999. End Note.)

Toward Europe - as Soon as Possible

14. (U) Conversely, the heart of the DS election campaign is EU integration. Its motto is "For a European Serbia," and campaign ads highlight the benefits of EU integration, i.e. jobs, development, and better education -- the electorate's top concerns, according to most recent polling. IRI polling data suggests that the DS has successfully made the link between EU membership and improved standard of living and that a DS-led coalition has the best chance of taking Serbia to Europe.

15. (U) DS officials, most notably Tadic and Foreign Minister Vuk Jeremic, have campaigned on the need to sign the SAA immediately. In an April 18 speech to students and diplomats,

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Jeremic said that Serbia must not miss the chance to become part of the EU or it would risk isolation -- "there is no middle ground." Tadic has tried to dismiss Kostunica and his allies' campaign and accused them of hypocrisy, noting that the DSS had, in fact, supported signing an SAA while they were in government. Uncoupling the SAA from Kosovo independence, Tadic reminded the media on April 20 that Article 135 of the SAA "confirms UN Resolution 1244" and therefore does not legitimize Kosovo's independence.

DSS Pushes Energy Deal (the anti-SAA)

16. (U) The DSS counterpoint to DS talk about signing the SAA and pursuing a course toward the EU is Kostunica's focus on pushing ahead with parliament's ratification of the Energy Framework Agreement signed in Moscow on January 25 (reftel). Following an April 19 meeting with Russian Emergency Situations and Disaster Relief Minister Sergei Shoigu, Kostunica's office released a statement that "Shoigu expressed concern over the fact that Serbia has not ratified the energy agreement...and underlined that it would be important that the Serbian government and Serbian parliament ratify this agreement by May 11." Deputy Prime Minister Djelic (DS) released a statement to news agency BETA following Tadic's meeting with Shoigu that said, "Tadic and Shoigu agreed that a technical government, immediately after the vote, will forward that bill to the Parliament for ratification, which is logical, because it is now senseless to forward any bill to a non-existing parliament."

Tadic said Serbia needs "concrete agreements [with Russia] which cannot be questioned in the future."

Showdown?

17. (U) The DSS hopes to push the ratification issue to a showdown in Parliament. DSS spokesperson Mladenovic said on April 18 that Kostunica would again call a meeting of the caretaker GOS cabinet on April 24 to let "officials who want to destroy Serbia...correct their mistake" and agree to send the deal to Parliament for ratification. Serbian Radical Party (SRS) official Tomislav Nikolic supported on April 19 the DSS view that Parliament should convene to ratify the deal as an "urgent" session. (The DSS and Radicals combined have a majority in Parliament.) In a party statement, the DS accused the DSS and SRS of plotting a "coup" by calling an "illegal" parliamentary session. Parliament Speaker Oliver Dulic has been silent on whether he would convene an emergency session, if directed to do so by the cabinet.

Jeremic: Man in the Middle Sees Serbia in Same Position

18. (SBU) Foreign Minister Vuk Jeremic has publicly tried to straddle the politics of the DSS and DS blocs. In an April 18 speech, he argued that EU integration would not mean choosing the West over Russia. Rather, it would institutionalize Serbia's special role, as a bridge between Europe and Russia, and friend of both. Serbia could then provide Russia unprecedented access to Brussels and enhance EU understanding of Russian thinking.

COMMENT

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19. (SBU) The struggle over the agreements defines the differences between DS and DSS. Both agreements remain largely theoretical. In the first place, it is unlikely the EU even will offer Serbia an SAA any time soon, because of Serbia's lack of progress in cooperating with the International Criminal Tribunal in The Hague. In the second place, the Russian energy agreement remains theoretical because it is linked to possible construction of a new South Stream gas pipeline, which remains in early planning stages. Without the pipeline, Serbia will have sold its "NIS" oil industry refinery for a fraction of its market price, confirming most analysts' suspicions that the sale was political in appreciation for Russian support for Kosovo. Discussion of both agreements helps their relevant Serbian supporting parties avoid the real campaign issues -- establishing rule of law and developing an attractive foreign investment climate. End Comment.

BRUSH